

CITY OF SUGAR LAND PURCHASE ORDER STANDARD TERMS AND CONDITIONS

1. SELLER TO PACKAGE GOODS: Seller will package goods in accordance with good commercial practice. Each shipping container shall be clearly and permanently labeled as follows: (a) Seller's name and address; (b) consignee's name, address and purchase order and the supply agreement number if applicable; (c) container number and total number of containers, e.g. box 1 of 4 boxes and (d) the number of the container bearing the packing slip. Seller shall bear the cost of packaging unless otherwise provided. Goods shall be suitably packed to secure lowest transportation costs and to conform with requirements of common carriers and any applicable specifications. Buyer's count or weight and shall be final and conclusive on shipments not accompanied by packing lists.

2. SHIPMENT UNDER RESERVATION PROHIBITED: Seller is not authorized to ship the goods under reservation and no tender of a bill of lading will operate as a tender of goods.

3. TITLE AND RISK OF LOSS: The title and risk of loss of the goods shall not pass to Buyer until Buyer actually receives and takes possession of the goods at the point or points of delivery.

4. DELIVERY TERMS AND TRANSPORTATION CHARGES: F.O.B. Destination Freight Prepaid and Allowed unless delivery terms are specified otherwise in bid. Buyer agrees to reimburse Seller for transportation costs in the amount specified in Seller's bid, or actual costs, whichever is lower if the quoted delivery costs do not include transportation costs, provided Buyer shall have the right to designate what method of transportation shall be used to ship the goods.

5. NO PLACEMENT OF DEFECTIVE TENDER: Every tender or delivery of goods must fully comply with all provisions of this contract as to time of delivery, quality and the like. If a tender is made which does not fully conform, this shall constitute a breach and Seller shall not have the right to substitute a conforming tender, provided, where the time for performance is not yet expired, the Seller may notify Buyer of his intention to cure and may then make a conforming tender within the contract time, but not afterward.

6. PLACE OF DELIVERY: The place of delivery shall be that set forth on the purchase order. Any change thereto shall be effected by modification as provided for in Clause 20, Modifications, hereof. The terms of this agreement are - no arrival, no sale.

7. INVOICES AND PAYMENTS:

a. Seller shall submit separate invoices, in duplicate, on each purchase order after each delivery. Invoices shall indicate the purchase order number, shall be itemized and transportation charges, if any, shall be listed separately. A copy of the bill of lading, and the freight weigh bill when applicable, should be attached to the invoice. Mail to: City of Sugar Land, Attn: Accounts Payable, P. O. Box 110, Sugar Land, TX 77487-0110. Payment shall not be due until the above instruments are submitted after delivery. Suppliers should keep the Accounts Payable Dept. advised on any changes to their remittance address. b. Buyer's obligation is payable only and solely from funds available for the purpose of the purchase. Lack of funds shall render this contract null and void to the extent funds are not available and any delivered but unpaid-for goods will be returned to Seller by Buyer. c. Do not include Federal Excise, State or City Sales Tax. City shall furnish tax exemption certificate, if required.

8. GRATUITIES: The Buyer may, by written notice to the Seller, cancel this contract without liability to Seller, if it is determined by Buyer that gratuities, in the form of entertainment, gifts, or otherwise, were offered or given by the Seller, or any agent, or representative of the Seller, to any officer or employee of the City of Sugar Land with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending or the making or any determinations with respect to the performing of such a contract. In the event this contract is cancelled by Buyer pursuant to this provision, Buyer shall be entitled, in addition to any other rights and remedies, to recover or withhold the amount of the cost incurred by Seller in providing such gratuities.

9. SPECIAL TOOLS AND TEST EQUIPMENT: If the price stated on the face hereof includes the cost of any special tooling or special test equipment fabricated or required by Seller for the purpose of filling this order, such special tooling equipment and any process sheets related

thereto shall become the property of the Buyer and to the extent feasible shall be identified by Seller as such.

10. WARRANTY PRICE:

a. The price to be paid by the Buyer shall be that contained in Seller's bid which Seller warrants to be no higher than Seller's current prices on orders by others for products of the kinds and specifications covered by this agreement for similar quantities under similar or like conditions and methods of purchase. In the event Seller breaches this warranty, the prices of the items shall be reduced to the Seller's current prices on orders by others, or in the alternative, Buyer may cancel this contract without liability to Seller for breach or Seller's actual expense. b. The Seller warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for commission, percentage, brokerage, or contingent fee excepting bona fide employees of bona fide established commercial or selling agencies maintained by the Seller for the purpose of securing business. For breach or violation of this warranty, the Buyer shall have the right in addition to any other right or rights to cancel this contract without liability and to deduct from the contract price, or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

11. WARRANTY PRODUCTS: Seller shall not limit or exclude any implied warranties and any attempt to do so shall render this contract voidable at the option of the Buyer. Seller warrants that the goods furnished will conform to the specifications, drawings and descriptions listed in the bid invitation and to the sample(s) furnished by the Seller, if any. In the event of a conflict between the specifications, drawings and descriptions, the specifications shall govern.

12. SAFETY WARRANTY: Seller warrants that the product sold to Buyer shall conform to the standards promulgated by the U.S. Department of Labor under the Occupational Safety and Health Act of 1970. In the event the product does not conform to OSHA standards, Buyer may return the product for correction or replacement at the Seller's expense. In the event Seller fails to make the appropriate correction within a reasonable time, correction made by Buyer will be at Seller's expense.

13. NO WARRANTY BY BUYER AGAINST INFRINGEMENTS: As part of this contract for sale Seller agrees to ascertain whether goods manufactured in accordance with the specifications attached to this agreement will give rise to the rightful claim of any third person by way of infringement or the like. Buyer makes no warranty that the production of goods according to the specification will not give rise to such a claim, and in no event shall Buyer be liable to Seller for Indemnification or the like. If Seller is of the opinion that an infringement or the like will result, he will notify Buyer to this effect in writing within two weeks after receipt of this agreement. If Buyer does not receive notice and is subsequently held liable for infringement or the like, Seller will save Buyer harmless. If Seller in good faith ascertains that production of the goods in accordance with the specifications will result in infringement or the like, this contract shall be null and void except that Buyer will pay Seller the reasonable cost of his search as to infringements.

14. RIGHT OF INSPECTION: Buyer shall have the right to inspect the goods at delivery before accepting them.

15. CANCELLATION: Buyer shall have the right to cancel for default all or any part of the undelivered portion of this order if Seller breaches any of the terms hereof including warranties of Seller or if the Seller becomes insolvent or files for bankruptcy. Such right of cancellation is in addition to and not in lieu of any other remedies which Buyer may have in law or equity.

16. TERMINATION: The performance of work under this order may be terminated in whole or in part by the Buyer in accordance with this provision. Termination of work hereunder shall be effected by the delivery to the Seller of a Notice of Termination specifying the extent to which performance of work under the order is terminated and the date upon which such termination becomes effective. Such right of termination is in addition to and not in lieu of rights of Buyer set forth in Clause 15, herein.

17. ASSIGNMENT DELEGATION: No right or interest in this contract shall be assigned or delegated of any obligation made by Seller without the written permission of the Buyer. Any attempted assignment or delegation by Seller shall be wholly void and totally ineffective for all purposes unless made in conformance with this paragraph.

18. FORCE MAJEURE: If by reason of Force Majeure, either party hereto shall be rendered wholly or in part to carry out its obligations under this agreement then such party shall give notice

and full explanation of Force Majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied upon, and the obligation of the party giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, except as herein after provided, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term Force Majeure as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, orders of any kind of government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, or other causes not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts by acceding to the demands of the opposing party shall be entirely within the discretion of the party having the difficulty, and the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable in the judgment of the party having the difficulty.

19. WAIVER: No claim or right arising out of a breach of this contract can be discharged in whole or in part by a waiver or renunciation of the claim or right unless the claim or renunciation is supported by consideration and is in writing signed by the aggrieved.

20. MODIFICATIONS: This contract can be modified or rescinded only in writing signed by both of the parties or their duly authorized agents.

21. INTERPRETATION PAROLE EVIDENCE: This writing is intended by the parties as a final expression of their agreement and is intended also as a complete exclusive statement of the terms of their agreement. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in this agreement. Acceptance in a course of performance rendered under this agreement shall not be relevant to determine the meaning of this agreement even though the accepting party has knowledge of the performance and opportunity for objection. Whenever a term defined by the Uniform Commercial Code (UCC) is used in this agreement, the definition contained in the UCC is to control.

22. APPLICABLE LAW: This agreement shall be governed by the Uniform Commercial Code. Wherever the term Uniform Commercial Code is used, it shall be construed as meaning the Uniform Commercial Code as adopted in the State of Texas as effective and in force on the date of this agreement.

23. ADVERTISING: Seller shall not advertise or publish, without Buyer's prior consent, the fact that Buyer has entered into this contract, except to the extent necessary to comply with proper requests for information from an authorized representative of the federal, state or local government.

24. RIGHT TO ASSURANCE: Whenever one party to this contract in good faith has reason to question the other party's intent to perform he may demand that the other party give written assurance of his intent to perform. In the event that a demand is made and no assurance is given within five (5) business days, the demanding party may treat this failure as an anticipatory repudiation of the contract.

25. COMPLIANCE WITH IMMIGRATION LAWS: Seller warrants, by execution of this contract, that all federal laws and requirements thereof pertaining to immigration and citizenship have been complied with and that all of Seller's employees are qualified employees, as directed therein.

26. AMERICANS WITH DISABILITIES ACT: Seller must comply in all respects with the provisions and regulations of the Americans with Disabilities Act (Public Law 101-336).

27. VENUE: Both parties agree that venue for any litigation arising from this contract shall lie in Fort Bend County, Texas.